


STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING				FORM 3 AMENDED REPORT <input checked="" type="checkbox"/>		
APPLICATION FOR PERMIT TO DRILL				1. WELL NAME and NUMBER Pelican Lake 16-12-7-20		
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>				3. FIELD OR WILDCAT UNDESIGNATED		
4. TYPE OF WELL Oil Well Coalbed Methane Well: NO				5. UNIT or COMMUNITIZATION AGREEMENT NAME AURORA (DEEP)		
6. NAME OF OPERATOR ELK RESOURCES, LLC				7. OPERATOR PHONE 303 296-4505		
8. ADDRESS OF OPERATOR 1401 17th Street, Suite 700, Denver, CO, 80202				9. OPERATOR E-MAIL jwhisler@elkresources.net		
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) Patent		11. MINERAL OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>		12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>		
13. NAME OF SURFACE OWNER (if box 12 = 'fee') Pelican Lake Farms, LLC				14. SURFACE OWNER PHONE (if box 12 = 'fee') 970-878-3420		
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') P.O. Box 833, ,				16. SURFACE OWNER E-MAIL (if box 12 = 'fee')		
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')		18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input checked="" type="checkbox"/> (Submit Commingling Application) NO <input type="checkbox"/>		19. SLANT VERTICAL <input type="checkbox"/> DIRECTIONAL <input checked="" type="checkbox"/> HORIZONTAL <input type="checkbox"/>		
20. LOCATION OF WELL	FOOTAGES	QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN
LOCATION AT SURFACE	1204 FNL 2220 FWL	NENW	16	7.0 S	20.0 E	S
Top of Uppermost Producing Zone	807 FNL 2040 FWL	NENW	16	7.0 S	20.0 E	S
At Total Depth	660 FNL 1980 FWL	NENW	16	7.0 S	20.0 E	S
21. COUNTY UINTAH		22. DISTANCE TO NEAREST LEASE LINE (Feet) 660		23. NUMBER OF ACRES IN DRILLING UNIT 40		
		25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 3470		26. PROPOSED DEPTH MD: 8521 TVD: 8500		
27. ELEVATION - GROUND LEVEL 4896		28. BOND NUMBER B000969		29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE MUNICIPAL		
ATTACHMENTS						
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES						
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER			<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN			
<input checked="" type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)			<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER			
<input checked="" type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)			<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP			
NAME Merrell Olsen		TITLE Engineer I		PHONE 303 339-1919		
SIGNATURE		DATE 09/27/2010		EMAIL molsen@delekenenergyus.com		
API NUMBER ASSIGNED 43047512870000		APPROVAL  Permit Manager				

Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Cond	17.5	13.375	0	75		
Pipe	Grade	Length	Weight			
		75	0.0			

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Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Prod	7.875	5.5	0	8521		
Pipe	Grade	Length	Weight			
	Grade N-80 LT&C	8521	17.0			

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Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Surf	12.25	9.625	0	1800		
Pipe	Grade	Length	Weight			
	Grade J-55 LT&C	1800	36.0			

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DRILLING PLAN

Elk Resources, LLC
Aurora Deep Unit
Pelican Lake 16-12-7-20
Sec 16 T7S R20E
Uintah County, Utah

ESTIMATED FORMATION TOPS

FORMATION	TOP	COMMENTS
Duchesne River	Surface	Possible H ₂ O
Kick Off Point	100'	See Attached Directional Drilling Plan
Uinta	905'	Gas & Degraded Oil; Possible Brackish H ₂ O
Green River*	3,878'	Oil & Associated Gas
Wasatch*	7,880'	Oil & Associated Gas
TVD (MD)	8,500' (8,521')	

NOTE: Datum, Ground Level (GL) Elevation: 4,896'; Asterisks (*) denotes target pay intervals

- A) The State of Utah, Division of Oil, Gas and Mining will be notified within 24 hours of spudding the well.
The Bureau of Land Management will be notified within 24 hours of spudding the well.

CASING PROGRAM

CASING	HOLE SIZE	DEPTH SET (MD)	CSG SIZE	WGHT	GRD	THRD	CAPACITY (bbl/ft)
CONDUCTOR	17 1/2	50-75	13 3/8				
SURFACE	12 1/4	1,800 ±	9 5/8	36.0	J-55	LTC	0.0773
PRODUCTION	7 7/8	8,521	5 1/2	17.0	N-80	LTC	0.0232

NOTE: All casing depth intervals are to surface unless otherwise noted.

Casing Specs

SIZE (in)	ID (in)	DRIFT DIA (in)	WALL THICKNESS (in)	COLLAPSE RESISTANCE (psi)	INTERNAL YEILD (psi)	TENSILE YEILD (lbs)	JOINT STRENGTH (lbs)
9 5/8	8.921	8.765	0.352	2,020	3,520	564,000	394,000
5 1/2	4.892	4.767	0.304	6,280	7,740	397,000	348,000

- A) The State of Utah, Division of Oil, Gas and Mining will be notified 24 hours prior to running casing and cementing.
- B) Prior to drilling out cement, all casing strings will be pressure tested in accordance with the State of Utah Administrative Code R649-3-7.4.

FLOAT EQUIPMENT

SURFACE (9 5/8): Float Shoe, 1 JNT Casing, Float Collar
Centralizers: Every Joint

PRODUCTION (5 1/2): Float Shoe, 1 JNT Casing, Float Collar
Centralizers: 1st 4 Joints: every joint
Remainder: every other joint 500' into surface casing
Turbolizers: Every 5th joint up to 5000' depth

NOTE: 5 1/2" 17# N-80 or equivalent marker collar or casing joints will be placed at the top of the Green River and approximately 400' above the Wasatch.

CEMENT PROGRAM

CONDUCTOR (13 3/8): Ready Mix

SURFACE (9 5/8): 750 sks 50:50 Poz Class G Cement with 8% Gel + 3% Potassium Chloride + 0.25 lbs/sks Cello Flake, 14.40 ppg, 1.24 cf/sk, 50% excess.

NOTE: The above volumes are based on a gauged-hole.

PRODUCTION (5 1/2): Cement Top: 500' into surface casing
Lead: Caliper plus 15%
150 sks Premium Lite II Cement with 0.5% Static Free 3% Potassium Chloride + 0.5% Cello Flake 2 lbs Kol Seal, 11.00 ppg, 3.49 cf/sk
Tail: 825 sks 50:50 Poz Class G Cement with .05 lbs/sks Static Free + 3% bwow Potassium Chloride + .25 lbs/sks Cello Flake, 14.40 ppg, 1.24 cf/sk, 50% excess.

NOTE: The above volumes are based on a gauged-hole.

PRESSURE CONTROL EQUIPMENT

- A) The State of Utah, Division of Oil, Gas and Mining will be notified 24 hours prior to all BOP pressure tests.
- B) The BOPE shall be closed whenever the well is unattended.
- C) All BOP and BOPE tests will be in accordance with the State of Utah Administrative Code R649-3-7.

INTERVAL	BOP EQUIPMENT
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0 – 1,800 ±	5,000# Ram type double BOP & Annular
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1,800 ± – TD	5,000# Ram type double BOP & Annular
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NOTE: Estimated bottom hole pressure at TD will be approximately 4,250 psi. Drilling spool to accommodate choke and kill lines. BOP schematic diagram attached.

MUD PROGRAM

- A) Mud test will be performed at least every 24 hours and after mudding up to determine density, viscosity, gel strength, filtration, and pH.
- B) Gas-detecting equipment will be installed and operated in the mud-return system from top of Green River Formation to TD.

INTERVAL	MUD WGHT	VISC	FLUID LOSS	COMMENTS
SURF – 1,800 ±	8.4 – 8.8 ppg	32	NC	Spud Mud
1,800 ± – TD	8.4 – 9.5 ppg	40	NC	Potassium/Gel/Lime

NOTE: Mud weight increases will be directed by hole conditions.

ABNORMAL CONDITIONS

INTERVAL	CONDITION
SURF – 1,800 ±	Lost Circulation Possible
1,800 ± – TD	Lost Circulation Possible

NOTE: No abnormal pressures or temperatures anticipated

AUXILIARY EQUIPMENT

- A) Choke Manifold
- B) Upper and lower kelly cock with handle available
- C) Stabbing valve
- D) Safety valve and subs to fit all string connections in use

SURVEY & LOGGING PROGRAMS

- A) Cores: None anticipated.
- B) Testing: None anticipated.
- C) Directional Drilling: Directional tools will be used to locate the bottom hole approximately 600' south-southeast of surface hole (as per the attached well location plat and directional drilling plan).
- D) Open Hole Logs: TD to top of Green River Formation (~3,810'): resistivity, neutron density, gamma ray and caliper.
- E) Mud Logs: Computerized 2-person logging unit will catch and describe 10 foot samples from top of Green River Formation to TD; record and monitor gas shows and record drill times (normal mud logging duties).

HAZARDOUS MATERIALS

In accordance with Superfund Amendments and Reauthorization Act of 1986 (SARA) Title III, no chemicals subject to reporting in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities (TPQ), will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Geological Prognosis

Elk Resources, LLC
Aurora Unit
Pelican Lake 16-12-7-20
BHL 1980' FWL 660' FNL
Section 16, T7S, R20E, Salt Lake Meridian
Uintah County, Utah

Surface Formation: Duchesne River

Surface Elevation: 4,896' G.L.

Estimated Formation Tops:

<u>Formation</u>	<u>Top - feet</u>	<u>Expected Production</u>
Duchesne River	Surface	Possible Water
Uinta	905'	Gas and Degraded Oil, Possible brackish water
Green River	3,878'	Oil Shale
T. Oil Mkr	5,425'	Oil
L. Green River*	6,340'	Oil and associated gas
Carbonate Mkr*	6,500'	Oil and associated gas
GRRVY Mkr*	6,750'	Oil and associated gas
Wasatch*	7,880'	Oil and associated Gas
TOTAL DEPTH	8,500'	Oil and associated Gas

Correlation wells – Rogers 13-16 SW section 16 T7S-R20E and Rogers 16-43 SWSE section 16 T7S-R20E.

* - Proposed production formations

Geologic Discussion

The Aurora Unit Pelican Lake 16-12-7-20 is being drilled as a development well under the F/O terms of the EnCana agreement, within the Rogers Earned Block. It is proposed as a Green River development well, which will satisfy the continual development program for 160 acre spacing. The proposed well is an offset to the Aurora Unit Rogers 13-16 and Rogers 16-43 wells located in the SW and SE of section 16 T7S-R20E and drilled as Mesaverde tests with a TD of 9,905' and 10,000' respectively. Both these wells are producing oil from the Upper Wasatch and Green River.

The Green River consists of marginal lacustrine fluvial and shoreline sands and bar and shoreline carbonates. Expected porosities in the pay zones are 8-12%, resistivities greater than 40 ohm/meters and calculated water saturations less than 55%. The Wasatch fluvial and lacustrine sands are also a potential target. This proposed well will test geologically and seismically interpreted fractured intervals as dimming events and low amplitudes as picked from the Aurora 3-D even though located at the questionable interpretation edge of the survey. This is based on model comparisons from the current producing wells and evaluation of Imaging Log from the 16-43 well and will be good match and test for this interpretation. The well is also located on a NW plunging structural nose associated with a basement fault that extends up into the Mancos. This deep faulting and compaction drape should enhance the development of fractures.

T7S, R20E, S.L.B.&M.

ELK RESOURCES, LLC

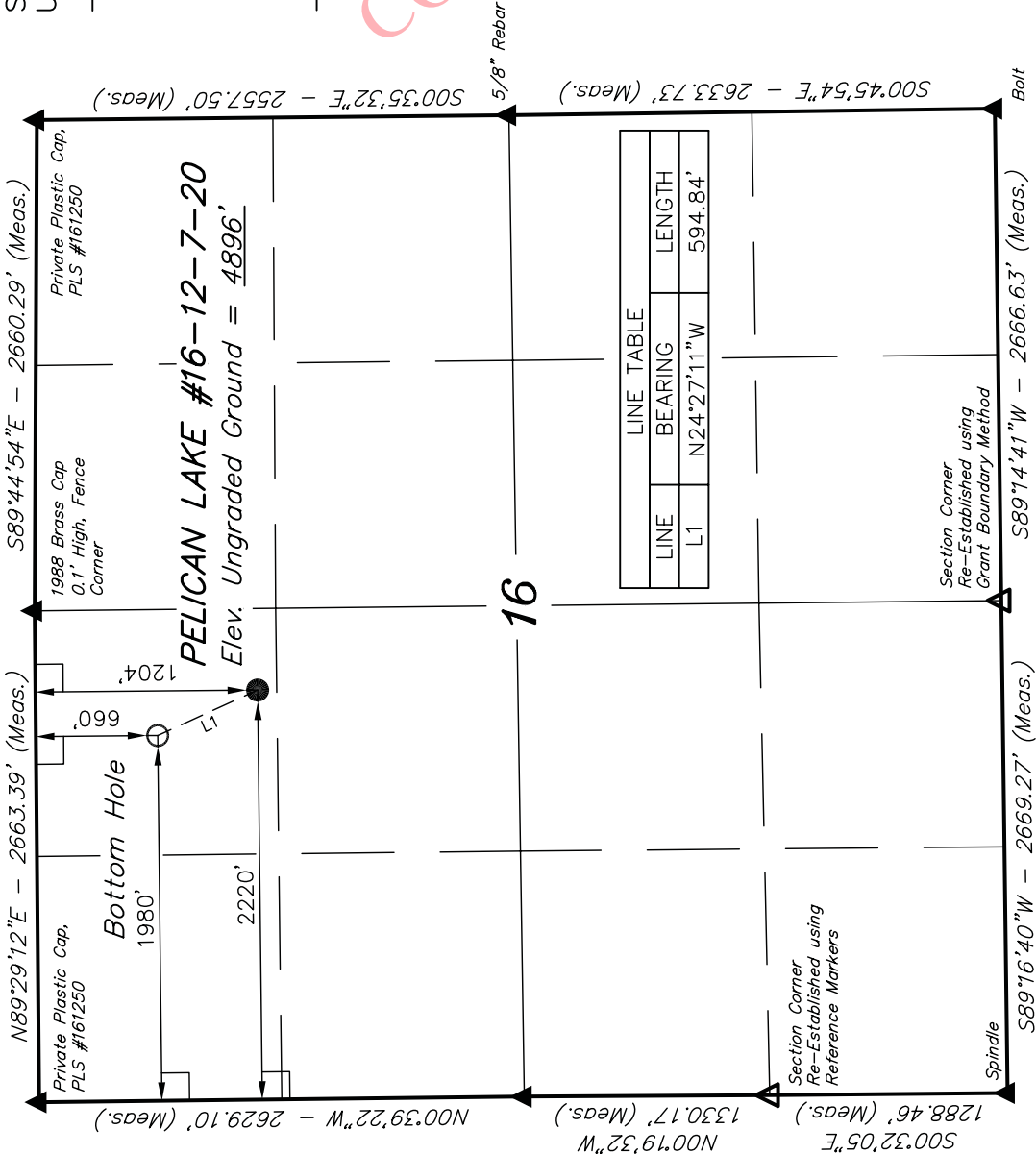
Well location, PELICAN LAKE #16-12-7-20, located as shown in the NE 1/4 NW 1/4 of Section 16, T7S, R20E, S.L.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

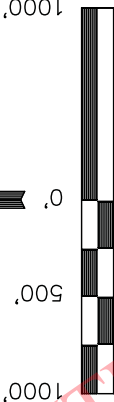
BENCH MARK (38EAM) LOCATED IN THE SW 1/4 OF SECTION 9, T7S, R20E, S.L.B.&M. TAKEN FROM THE PELICAN LAKE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4942 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



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SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE POINT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY CLOSE SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



UINTAH ENGINEERING & LAND SURVEYING

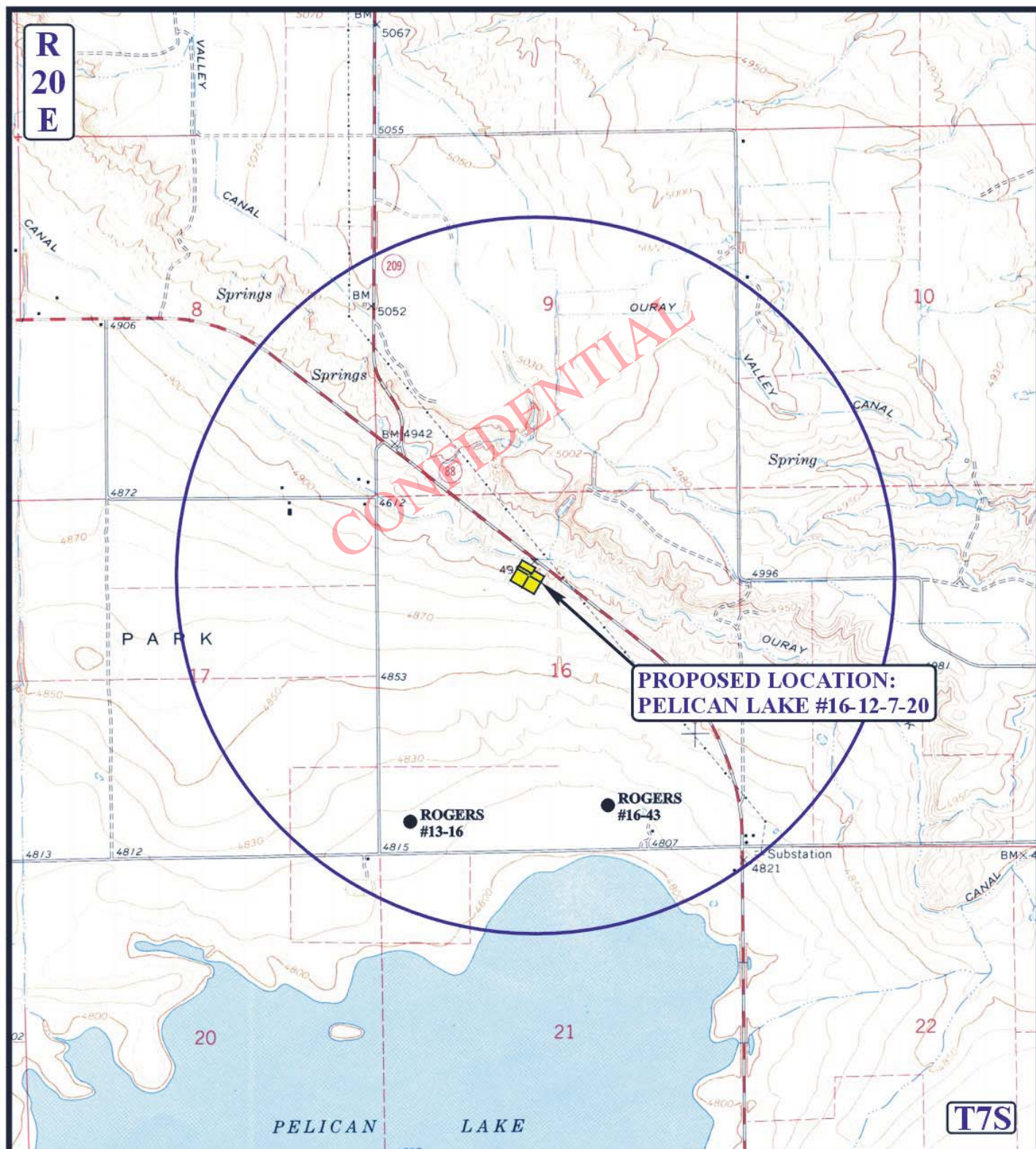
85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 12-15-09	DATE DRAWN: 01-04-10
PARTY D.R. S.L. C.H.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE	
		ELK RESOURCES, LLC

LEGEND:

— = 90° SYMBOL	NAD 83 (TARGET BOTTOM HOLE)	NAD 83 (SURFACE LOCATION)
● = PROPOSED WELL HEAD.	LATITUDE = 40°12'58.10" (40.216139)	LATITUDE = 40°12'52.75" (40.214653)
▲ = SECTION CORNERS LOCATED.	LONGITUDE = 109°40'37.41" (109.677058)	LONGITUDE = 109°40'34.24" (109.676178)
	NAD 27 (TARGET BOTTOM HOLE)	NAD 27 (SURFACE LOCATION)
	LATITUDE = 40°12'58.14" (40.216150)	LATITUDE = 40°12'52.89" (40.214692)
	LONGITUDE = 109°40'34.91" (109.676364)	LONGITUDE = 109°40'31.74" (109.675483)



LEGEND:

-  DISPOSAL WELLS
-  PRODUCING WELLS
-  SHUT IN WELLS
-  WATER WELLS
-  ABANDONED WELLS
-  TEMPORARILY ABANDONED



ELK RESOURCES, LLC

PELICAN LAKE #16-12-7-20
SECTION 16, T7S, R20E, S.L.B.&M.
1204' FNL 2200' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

01 07 10
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: Z.L. REVISED: 02-19-10





**Elk
Resources, LLC**

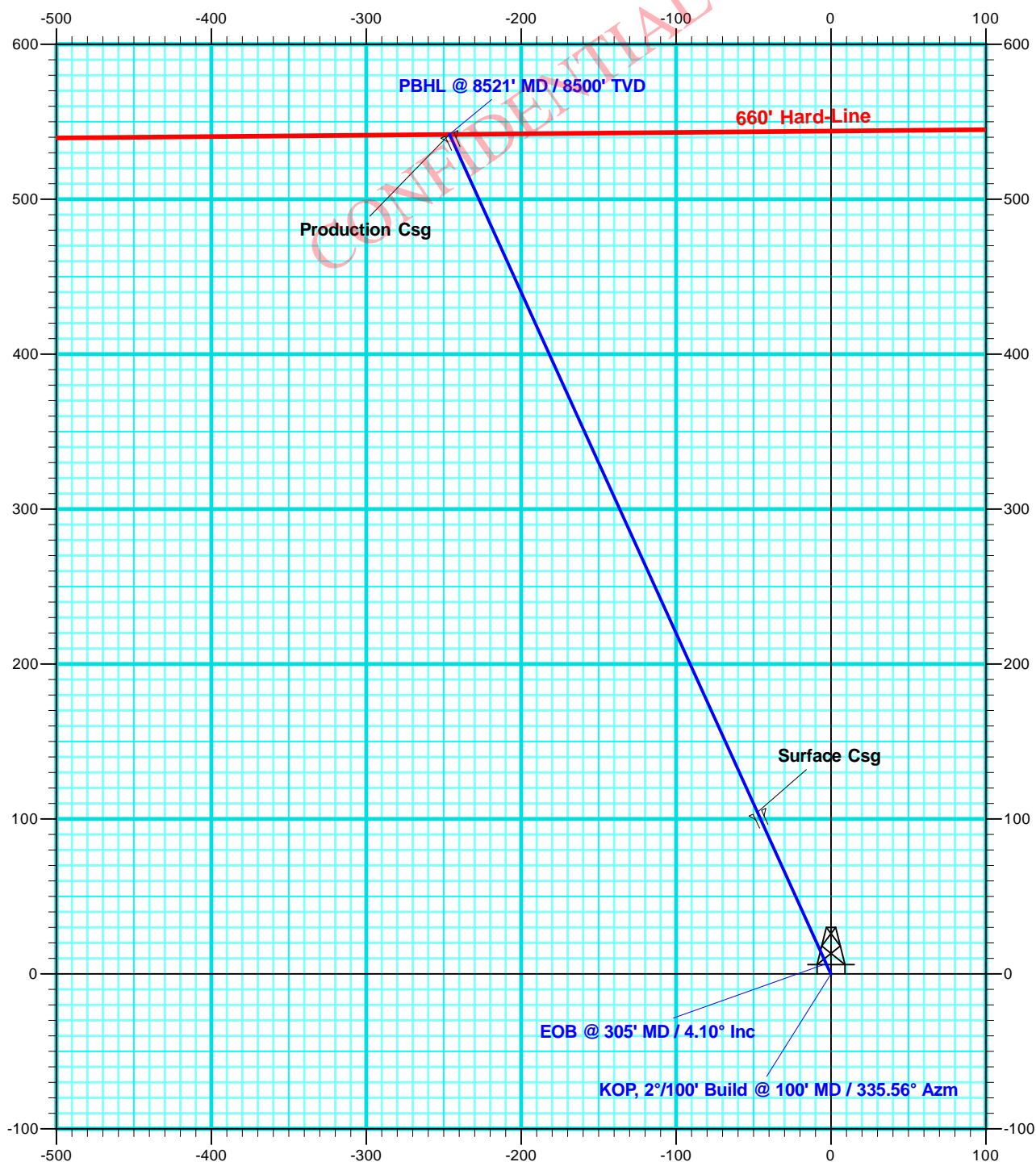


**Uintah County, UT
Sec. 16, T7S, R20E, S.L.B. & M.
Pelican Lake #16-12-7-20
Wellbore #1
Design #1**

Elk Resources, LLC



Uintah County, UT
Sec. 16, T7S, R20E, S.L.B. & M.
Pelican Lake #16-12-7-20
Wellbore #1
Design #1



DDC

Well Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Pelican Lake #16-12-7-20
Company:	Elk Resources	TVD Reference:	WELL @ 4896.0usft (Original Well Elev)
Project:	Uintah County, UT	MD Reference:	WELL @ 4896.0usft (Original Well Elev)
Site:	Sec. 16, T7S, R20E, S.L.B. & M.	North Reference:	True
Well:	Pelican Lake #16-12-7-20	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Project	Uintah County, UT		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	Utah Central Zone		

Site	Sec. 16, T7S, R20E, S.L.B. & M.		
Site Position:		Northing:	7,252,105.72 usft
From:	Lat/Long	Easting:	2,149,704.97 usft
Position Uncertainty:	0.0 usft	Slot Radius:	13-3/16 "
		Latitude:	40° 12' 52.750 N
		Longitude:	109° 40' 34.240 W
		Grid Convergence:	1.17 °

Well	Pelican Lake #16-12-7-20		
Well Position	+N/-S	0.0 usft	Northing: 7,252,105.71 usft
	+E/-W	0.0 usft	Easting: 2,149,704.97 usft
Position Uncertainty	0.0 usft	Wellhead Elevation:	Latitude: 40° 12' 52.750 N
			Longitude: 109° 40' 34.240 W
			Ground Level: 4,896.0 usft

Wellbore	Wellbore #1				
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2010	9/16/2010	11.28	66.03	52,496

Design	Design #1			
Audit Notes:				
Version:	Phase:	PLAN	Tie On Depth:	0.0
Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.0	0.0	0.0	335.56

Plan Sections										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
100.0	0.00	0.00	100.0	0.0	0.0	0.00	0.00	0.00	0.00	
305.1	4.10	335.56	305.0	6.7	-3.0	2.00	2.00	-11.91	335.56	
8,521.2	4.10	335.56	8,500.0	541.8	-246.2	0.00	0.00	0.00	0.00	PBHL - Pelican Lak

DDC

Well Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Pelican Lake #16-12-7-20
Company:	Elk Resources	TVD Reference:	WELL @ 4896.0usft (Original Well Elev)
Project:	Uintah County, UT	MD Reference:	WELL @ 4896.0usft (Original Well Elev)
Site:	Sec. 16, T7S, R20E, S.L.B. & M.	North Reference:	True
Well:	Pelican Lake #16-12-7-20	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
KOP, 2°/100' Build @ 100' MD / 335.56° Azm									
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	0.00
200.0	2.00	335.56	200.0	1.6	-0.7	1.7	2.00	2.00	0.00
300.0	4.00	335.56	299.8	6.4	-2.9	7.0	2.00	2.00	0.00
EOB @ 305' MD / 4.10° Inc									
305.1	4.10	335.56	305.0	6.7	-3.0	7.3	2.00	2.00	0.00
400.0	4.10	335.56	399.6	12.9	-5.8	14.1	0.00	0.00	0.00
500.0	4.10	335.56	499.3	19.4	-8.8	21.3	0.00	0.00	0.00
600.0	4.10	335.56	599.1	25.9	-11.8	28.4	0.00	0.00	0.00
700.0	4.10	335.56	698.8	32.4	-14.7	35.6	0.00	0.00	0.00
800.0	4.10	335.56	798.6	38.9	-17.7	42.7	0.00	0.00	0.00
900.0	4.10	335.56	898.3	45.4	-20.6	49.9	0.00	0.00	0.00
1,000.0	4.10	335.56	998.0	51.9	-23.6	57.1	0.00	0.00	0.00
1,100.0	4.10	335.56	1,097.8	58.5	-26.6	64.2	0.00	0.00	0.00
1,200.0	4.10	335.56	1,197.5	65.0	-29.5	71.4	0.00	0.00	0.00
1,300.0	4.10	335.56	1,297.3	71.5	-32.5	78.5	0.00	0.00	0.00
1,400.0	4.10	335.56	1,397.0	78.0	-35.4	85.7	0.00	0.00	0.00
1,500.0	4.10	335.56	1,496.8	84.5	-38.4	92.8	0.00	0.00	0.00
1,600.0	4.10	335.56	1,596.5	91.0	-41.4	100.0	0.00	0.00	0.00
1,700.0	4.10	335.56	1,696.3	97.5	-44.3	107.1	0.00	0.00	0.00
1,800.0	4.10	335.56	1,796.0	104.0	-47.3	114.3	0.00	0.00	0.00
Surface Csg									
1,804.0	4.10	335.56	1,800.0	104.3	-47.4	114.6	0.00	0.00	0.00
1,900.0	4.10	335.56	1,895.7	110.6	-50.2	121.4	0.00	0.00	0.00
2,000.0	4.10	335.56	1,995.5	117.1	-53.2	128.6	0.00	0.00	0.00
2,100.0	4.10	335.56	2,095.2	123.6	-56.2	135.7	0.00	0.00	0.00
2,200.0	4.10	335.56	2,195.0	130.1	-59.1	142.9	0.00	0.00	0.00
2,300.0	4.10	335.56	2,294.7	136.6	-62.1	150.1	0.00	0.00	0.00
2,400.0	4.10	335.56	2,394.5	143.1	-65.0	157.2	0.00	0.00	0.00
2,500.0	4.10	335.56	2,494.2	149.6	-68.0	164.4	0.00	0.00	0.00
2,600.0	4.10	335.56	2,593.9	156.2	-71.0	171.5	0.00	0.00	0.00
2,700.0	4.10	335.56	2,693.7	162.7	-73.9	178.7	0.00	0.00	0.00
2,800.0	4.10	335.56	2,793.4	169.2	-76.9	185.8	0.00	0.00	0.00
2,900.0	4.10	335.56	2,893.2	175.7	-79.8	193.0	0.00	0.00	0.00
3,000.0	4.10	335.56	2,992.9	182.2	-82.8	200.1	0.00	0.00	0.00
3,100.0	4.10	335.56	3,092.7	188.7	-85.8	207.3	0.00	0.00	0.00
3,200.0	4.10	335.56	3,192.4	195.2	-88.7	214.4	0.00	0.00	0.00
3,300.0	4.10	335.56	3,292.2	201.7	-91.7	221.6	0.00	0.00	0.00
3,400.0	4.10	335.56	3,391.9	208.3	-94.6	228.8	0.00	0.00	0.00
3,500.0	4.10	335.56	3,491.6	214.8	-97.6	235.9	0.00	0.00	0.00
3,600.0	4.10	335.56	3,591.4	221.3	-100.6	243.1	0.00	0.00	0.00
3,700.0	4.10	335.56	3,691.1	227.8	-103.5	250.2	0.00	0.00	0.00
3,800.0	4.10	335.56	3,790.9	234.3	-106.5	257.4	0.00	0.00	0.00
3,900.0	4.10	335.56	3,890.6	240.8	-109.4	264.5	0.00	0.00	0.00
4,000.0	4.10	335.56	3,990.4	247.3	-112.4	271.7	0.00	0.00	0.00
4,100.0	4.10	335.56	4,090.1	253.9	-115.4	278.8	0.00	0.00	0.00
4,200.0	4.10	335.56	4,189.8	260.4	-118.3	286.0	0.00	0.00	0.00
4,300.0	4.10	335.56	4,289.6	266.9	-121.3	293.1	0.00	0.00	0.00
4,400.0	4.10	335.56	4,389.3	273.4	-124.2	300.3	0.00	0.00	0.00
4,500.0	4.10	335.56	4,489.1	279.9	-127.2	307.5	0.00	0.00	0.00
4,600.0	4.10	335.56	4,588.8	286.4	-130.2	314.6	0.00	0.00	0.00
4,700.0	4.10	335.56	4,688.6	292.9	-133.1	321.8	0.00	0.00	0.00

DDC

Well Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Pelican Lake #16-12-7-20
Company:	Elk Resources	TVD Reference:	WELL @ 4896.0usft (Original Well Elev)
Project:	Uintah County, UT	MD Reference:	WELL @ 4896.0usft (Original Well Elev)
Site:	Sec. 16, T7S, R20E, S.L.B. & M.	North Reference:	True
Well:	Pelican Lake #16-12-7-20	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
4,800.0	4.10	335.56	4,788.3	299.4	-136.1	328.9	0.00	0.00	0.00	
4,900.0	4.10	335.56	4,888.1	306.0	-139.0	336.1	0.00	0.00	0.00	
5,000.0	4.10	335.56	4,987.8	312.5	-142.0	343.2	0.00	0.00	0.00	
5,100.0	4.10	335.56	5,087.5	319.0	-145.0	350.4	0.00	0.00	0.00	
5,200.0	4.10	335.56	5,187.3	325.5	-147.9	357.5	0.00	0.00	0.00	
5,300.0	4.10	335.56	5,287.0	332.0	-150.9	364.7	0.00	0.00	0.00	
5,400.0	4.10	335.56	5,386.8	338.5	-153.8	371.8	0.00	0.00	0.00	
5,500.0	4.10	335.56	5,486.5	345.0	-156.8	379.0	0.00	0.00	0.00	
5,600.0	4.10	335.56	5,586.3	351.5	-159.8	386.1	0.00	0.00	0.00	
5,700.0	4.10	335.56	5,686.0	358.1	-162.7	393.3	0.00	0.00	0.00	
5,800.0	4.10	335.56	5,785.7	364.6	-165.7	400.5	0.00	0.00	0.00	
5,900.0	4.10	335.56	5,885.5	371.1	-168.6	407.6	0.00	0.00	0.00	
6,000.0	4.10	335.56	5,985.2	377.6	-171.6	414.8	0.00	0.00	0.00	
6,100.0	4.10	335.56	6,085.0	384.1	-174.6	421.9	0.00	0.00	0.00	
6,200.0	4.10	335.56	6,184.7	390.6	-177.5	429.1	0.00	0.00	0.00	
6,300.0	4.10	335.56	6,284.5	397.1	-180.5	436.2	0.00	0.00	0.00	
6,400.0	4.10	335.56	6,384.2	403.7	-183.4	443.4	0.00	0.00	0.00	
6,500.0	4.10	335.56	6,484.0	410.2	-186.4	450.5	0.00	0.00	0.00	
6,600.0	4.10	335.56	6,583.7	416.7	-189.4	457.7	0.00	0.00	0.00	
6,700.0	4.10	335.56	6,683.4	423.2	-192.3	464.8	0.00	0.00	0.00	
6,800.0	4.10	335.56	6,783.2	429.7	-195.3	472.0	0.00	0.00	0.00	
6,900.0	4.10	335.56	6,882.9	436.2	-198.2	479.2	0.00	0.00	0.00	
7,000.0	4.10	335.56	6,982.7	442.7	-201.2	486.3	0.00	0.00	0.00	
7,100.0	4.10	335.56	7,082.4	449.2	-204.2	493.5	0.00	0.00	0.00	
7,200.0	4.10	335.56	7,182.2	455.8	-207.1	500.6	0.00	0.00	0.00	
7,300.0	4.10	335.56	7,281.9	462.3	-210.1	507.8	0.00	0.00	0.00	
7,400.0	4.10	335.56	7,381.6	468.8	-213.0	514.9	0.00	0.00	0.00	
7,500.0	4.10	335.56	7,481.4	475.3	-216.0	522.1	0.00	0.00	0.00	
7,600.0	4.10	335.56	7,581.1	481.8	-219.0	529.2	0.00	0.00	0.00	
7,700.0	4.10	335.56	7,680.9	488.3	-221.9	536.4	0.00	0.00	0.00	
7,800.0	4.10	335.56	7,780.6	494.8	-224.9	543.5	0.00	0.00	0.00	
7,900.0	4.10	335.56	7,880.4	501.4	-227.8	550.7	0.00	0.00	0.00	
8,000.0	4.10	335.56	7,980.1	507.9	-230.8	557.8	0.00	0.00	0.00	
8,100.0	4.10	335.56	8,079.9	514.4	-233.8	565.0	0.00	0.00	0.00	
8,200.0	4.10	335.56	8,179.6	520.9	-236.7	572.2	0.00	0.00	0.00	
8,300.0	4.10	335.56	8,279.3	527.4	-239.7	579.3	0.00	0.00	0.00	
8,400.0	4.10	335.56	8,379.1	533.9	-242.6	586.5	0.00	0.00	0.00	
8,500.0	4.10	335.56	8,478.8	540.4	-245.6	593.6	0.00	0.00	0.00	
PBHL @ 8521' MD / 8500' TVD - Production Csg										
8,521.2	4.10	335.56	8,500.0	541.8	-246.2	595.1	0.00	0.00	0.00	

Design Targets										
Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude	
- hit/miss target										
- Shape										
PBHL - Pelican Lake ;	0.00	0.00	8,500.0	541.8	-246.2	7,252,642.40	2,149,447.76	40° 12' 58.105 N	109° 40' 37.414 W	
- plan hits target center										
- Point										

DDC
Well Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Pelican Lake #16-12-7-20
Company:	Elk Resources	TVD Reference:	WELL @ 4896.0usft (Original Well Elev)
Project:	Uintah County, UT	MD Reference:	WELL @ 4896.0usft (Original Well Elev)
Site:	Sec. 16, T7S, R20E, S.L.B. & M.	North Reference:	True
Well:	Pelican Lake #16-12-7-20	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Casing Points					
Measured Depth (usft)	Vertical Depth (usft)	Name	Casing Diameter (")	Hole Diameter (")	
1,804.0	1,800.0	Surface Csg	9-5/8	12-1/4	
8,521.2	8,500.0	Production Csg	5-1/2	7-7/8	

Plan Annotations					
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment	
		+N/-S (usft)	+E/-W (usft)		
100.0	100.0	0.0	0.0	KOP, 2°/100' Build @ 100' MD / 335.56° Azm	
305.1	305.0	6.7	-3.0	EOB @ 305' MD / 4.10° Inc	
8,521.2	8,500.0	541.8	-246.2	PBHL @ 8521' MD / 8500' TVD	

SURFACE USE AGREEMENT

PELICAN LAKE 16-12-7-20 WELL

THIS AGREEMENT dated July 20, 2010 by and between**PELICAN LAKE FARMS, LLC**

PO BOX 833, MEEKER, CO 81641

, whose address is

ELK RESOURCES, LLC

, whose address is

1401 17TH STREET, SUITE 700, DENVER, CO 80202

hereinafter referred to as "Operator".

WITNESSETH:

WHEREAS, Surface Owner represents that they are the owners in fee and in possession of the surface estate for the following described lands in Uintah County, Utah, hereinafter referred to as "Lands", to wit:

A tract of land lying in the **NENW of Section 16, Township 7 South, Range 20 East**, containing **3.990** acres, more or less, such tract being more particularly described on the plat attached hereto as "Exhibit A."

WHEREAS, Operator has or will acquire certain leasehold interests in the oil and gas mineral estate in the Lands and plans to conduct drilling and subsequent production operations on the Lands; and

WHEREAS, Surface Owner is generally aware of the nature of the operations which may be conducted under oil and gas leases covering the mineral estate of the Lands; and

WHEREAS, the parties believe that it is in their mutual best interest to agree to the amount of damages to be assessed incident to the operations of Operator on the premises in the exploration for, development and production of oil, gas and/or other leasehold substances under the terms of those certain oil and gas leases now owned or which may be acquired by Operator covering portions of the mineral estate of the Lands; and,

WHEREAS, the parties believe that a reasonable estimate can be made of the extent of damages which will result from the exploration, development and production operations contemplated by such oil and gas leases.

NOW, THEREFORE, in consideration of ten dollars and other valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Operator has the right of ingress and egress and to the use of those portions of the Lands which it requires for oil and gas exploration, development and production operations, including tank batteries and other production facilities and the transportation of produced substances from the leasehold, and also the right to construct and use roads and pipelines across portions of the Lands. Operator shall pay Surface Owner as liquidated damages the following sum as full settlement and satisfaction of all damages growing out of, incident to, or in connection with the usual and customary exploration, drilling, completion, sidetracking, reworking, equipping and production operations, contemplated by the oil and gas leases covering the Lands, unless otherwise specifically provided herein:

a. Wellsite and Access. **Fifteen Thousand Dollars (\$15,000.00)** for the **PELICAN LAKE 16-12-7-20** wellsite and related access road to be constructed and located on the Lands, together with any lands used for production facilities or other necessary facilities in connection with the wellsite. If, by reasons directly resulting from the operations of Operator, there is damage to real or personal property upon the Lands which is not associated with usual and customary operations, such as (but not limited to) damage to livestock, structures, buildings, fences, culverts, cement ditches, irrigation systems, and natural water ways, such damage will be repaired or replaced by Operator, or Operator will pay reasonable compensation to Surface Owner for such additional damage.

b. Power Lines and Pipelines. For each new power line or new pipeline installed by Operator, Operator shall pay to Owner the sum of **Ten Dollars (\$10.00)** per rod for each such line. Operator shall be responsible for back filling, re-packing, re-seeding, and re-contouring the surface so as not to interfere with Owner's operations. Operator shall provide Owner with a survey showing the location of all power lines, pipelines and gathering systems promptly after their installation. All pipelines and gathering systems located by Operator on the Lands shall be buried to a depth of at least three (3) feet below the surface, and surface marked in accordance with industry standards. All easements and rights-of-way for power lines and pipelines shall be fifty (50) feet in width during initial construction and reclamation activities, and after completion of initial construction and reclamation activities such easements and rights-of-way shall revert to twenty-five (25) feet in width being twelve and one-half (12.5) feet on each side of the centerline of the line. Notwithstanding, Operator shall have the right to temporarily lay pipelines on the surface for a period not to exceed three years with the consent of the Owner, which consent shall not be unreasonably withheld. All power lines shall be installed underground to a depth of at least three (3) feet below the surface whenever reasonably practical to do so.

2. Operator agrees to consult with the surface owner and/or tenant as to all routes of ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or installation of any other equipment on the leased premises, Operator shall consult with the surface owner and/or tenant as to the location and direction of same.

3. It is the intention of the parties hereto to cause as little interference with farming operations on the leased premises as reasonably possible, including but specifically not limited to the operation of any pivotal irrigation sprinkler system, or any other irrigation method. If any circular irrigation sprinkler system is in use at the time of initial drilling operations on the leased premises, then any subsequent production equipment, including but specifically not limited to pump jacks, hydraulic lifting equipment, or any other equipment necessary to produce any oil or gas from such well, shall be recessed to such depths, or ramps constructed, so as to allow the continued use of such circular irrigation system.

4. In the event any well hereunder is plugged and abandoned, Operator agrees that Operator will, within a reasonable time,

'APIWellNo:43047512870000'
restore Surface Owner's surface estate as near as practical to its original condition found prior to Operator's operations. It is understood and agreed that Surface Owner may elect in writing, prior to cessation of operations of Operator, to have any road constructed under the terms of this Agreement remain upon the property, in which event Operator agrees to leave such road or roads in reasonable condition.

5. Operator is responsible for acquiring all necessary permits, licenses, fees, etc. incident to its operations on the Lands.
6. In the event Surface Owner considers that Operator has not complied with all its obligations hereunder, both express and implied, Surface Owner shall notify Operator in writing, setting out specifically in what respects Operator has breached this contract. Operator shall then have sixty (60) days to meet or commence to meet all or any part of the breaches alleged by Surface Owner. The service of said notice shall be precedent to the bringing of any action by Surface Owner for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Operator. In the event of litigation, the prevailing party's reasonable attorney's fees will be paid by the opposing party.
7. Operator shall be responsible and shall remain liable for any environmental problems on the subject lands which are caused by or through its operations. This assumption of liability, however, does not include any third-party operations on the subject lands or any actions by Surface Owner which could cause environmental problems, but is limited solely to the actions of Operator. To the extent that any such claims are asserted, Operator will be responsible for any remediation required as provided by state regulations.
8. In the event Surface Owner owns less than the entire fee interest in the Lands, then any payment provided for in this Agreement shall be proportionately reduced to the interest owned.
9. This Agreement shall remain in full force and effect for a term of **10 years** from and after the date hereof and for so long thereafter as Operator's oil and gas exploration, development and production operations affecting the Lands continue.
10. When the word "Operator" is used in this Agreement, it shall also mean the successors and assigns of Operator, including but not limited to its employees and officers, agents, affiliates, contractors, subcontractors and/or purchasers.
11. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties.

ADDITIONAL PROVISIONS:

12. Upon Surface Owner's execution of this Agreement, Operator shall pay Surface Owner a non-refundable **One Thousand Dollar (\$1,000.00)** advance toward the **Fifteen Thousand Dollar (\$15,000.00)** payment for damages for the wellsite and access provided in paragraph 1.a. above. Operator shall pay Surface Owner the balance owed for damages for the wellsite and access of **Fourteen Thousand Dollars (\$14,000.00)** prior to commencing any construction activities on the Lands.

SURFACE OWNER:

Bryce W Purkey **MANAGING PARTNER**
By: _____ By: _____

SS/Tax ID# _____

STATE of Utah
COUNTY of Uintah

ACKNOWLEDGEMENT-INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 21 day of July, 20 10, personally appeared _____

_____, to me known to be the identical person(s) described herein and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed same as _____ free and voluntary act and deed for the uses and purposes herein set forth and in the capacity stated herein.

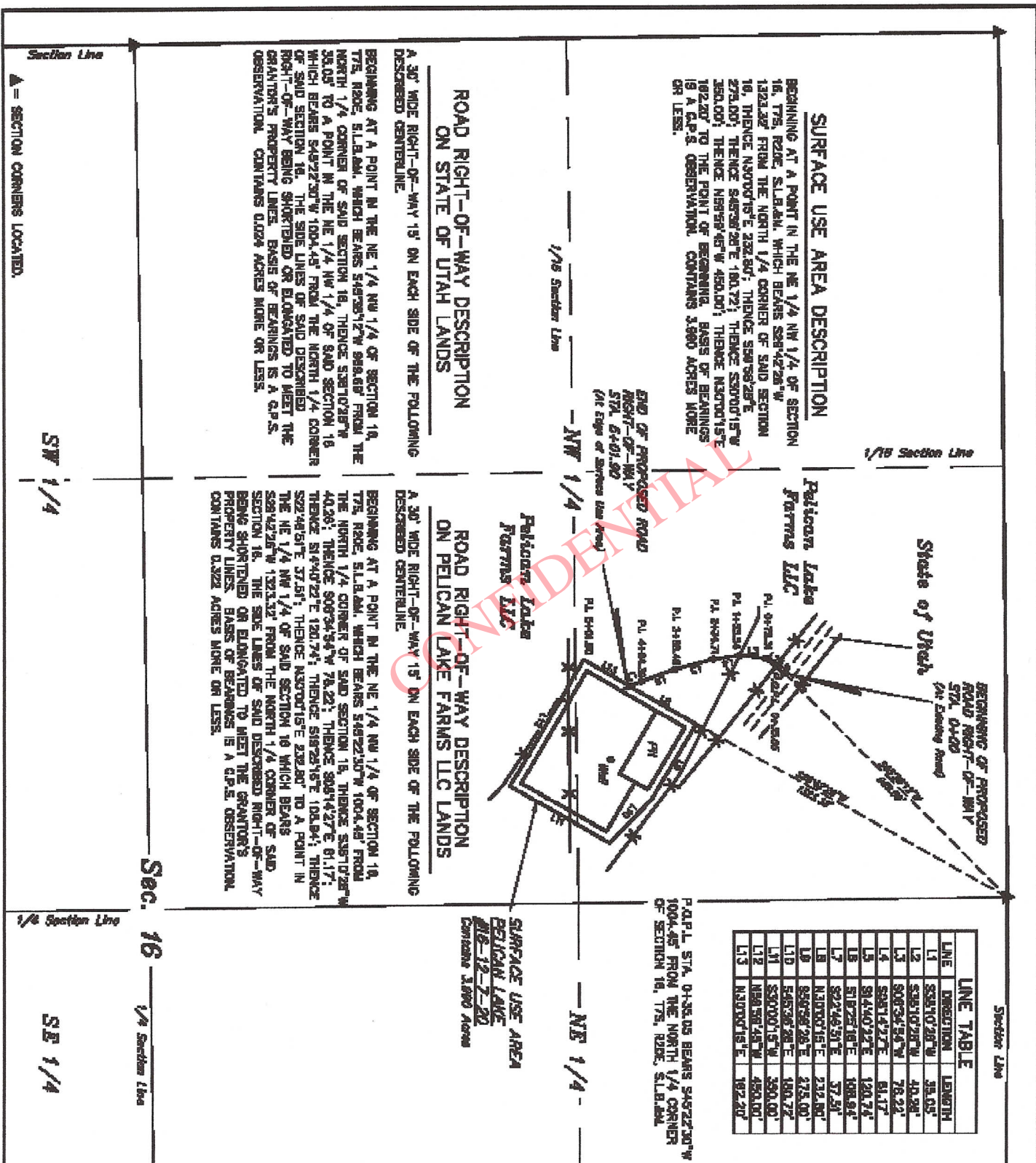
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: May 14, 2012

Mickie L. Allred
Notary Public: _____



Attached to and made a part of that certain Surface Use Agreement dated July 20, 2010, by and between Pelican Lake Farms, LLC, as Surface Owner, and Elk Resources, LLC, as Operator

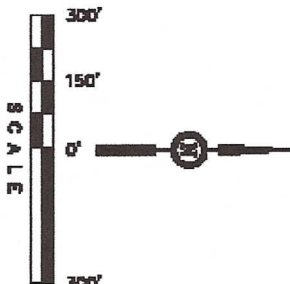


THE RESOURCES, INC.

**LOCATION SURFACE USE AREA
& ROAD RIGHT-OF-WAY ON
FEE LANDS**

(For PELICAN LAKE #16-12-7-20)

LOCATED IN
SECTIONS 18, 77S, R20E,
S.1.B.&M., UTAH COUNTY, UTAH



BASIS OF BEARINGS

BASIS OF BEHAVINGS IS A C.P.S. OBSERVATION

RIGHT-OF-WAY LENGTHS			
PROPERTY ORIGIN	FEET	ACRES	MOOS
STATE OF UTAH	36.06	0.024	2.12
PELCON LAKE FARMS LLC	404.85	0.322	20.25

CESTAFANTE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY'S MADE BY ME, AND THAT THE SAME ARE TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

No. 103218



UNITED NATIONS

DE STATE - MD EAST - (456)

1-800-4-A-RENTAL

DEPTH	DATE
1' - 300'	07-04-10
SURFACE	REMARKS
D.R. S.L. C.H.	G.L. PLAT
WATER	
COULD	4 9 6 8 2

SURFACE USE PLAN

Pelican Lake 16-12-7-20

Attachment to Permit to Drill

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

The onsite inspection for the referenced well is pending with the Utah Division of Oil, Gas and Mining and the landowner.

1. Existing Roads:

- a. The proposed well site is located approximately 22 miles Southwest of Vernal, Utah.
- b. The following are directions to the proposed well site:
Proceed in a Westerly direction from Vernal, Utah along U.S. Highway 40 approximately 14 miles to the junction of State Highway 88 to the South; turn left and proceed in a Southerly direction approximately 7 miles to the junction of this road and an existing road to the southeast; turn left and proceed in a Southeasterly direction approximately 0.5 miles to the beginning of the proposed access to the South; follow road flags in a Southerly direction approximately 0.1 miles to the proposed location. See attached plat.
- c. The use of roads under Federal, State and County Road Department maintenance are necessary to access the Pelican Lake 16-12-7-20 location. All existing roads will be maintained and kept in good repair during all phases of operation.
- d. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.
- e. Since no improvements are anticipated to the State, County, or BLM access roads, no topsoil striping will occur.

2. Planned Access Roads:

- a. From the existing surface highway (State Route 88), a new access is proposed trending Southerly approximately 500' feet to the proposed well site. The access consists of entirely new disturbance across uncultivated ground and crosses no significant drainages. Precautions will be made due to an existing power line running parallel to the existing county road.
- b. The proposed access road crosses surface owned by Pelican Lake Farms LLC. A copy of the surface damage agreement is attached.
- c. The proposed access road will consist of a 20' wide travel surface within a 30' wide right of way.
- d. No turnouts are proposed since the access road is only 0.10 miles long and adequate site distance exists in all directions.
- e. No low water crossings are anticipated. Adequate drainage structures will be incorporated into the road.
- f. Two gates are anticipated at this time as one fence is crossed leaving the paved surface; and an existing fence is crossed on the surface owner's property.
- g. Surface disturbance and vehicular travel will be limited to the approved location access road.
- h. All access roads and surface disturbing activities will conform to the standards outlined in the surface use agreement.
- i. The operator will be responsible for all maintenance of the access road including drainage structures.

3. Location of Existing Wells:

- a. Attached is a map reflecting the one-mile radius of the proposed well.

4. Location of Production Facilities:

- a. All permanent structures will be painted a flat, non-reflective Desert Brown to match the standard environmental colors. All facilities will be painted within six month of installation. Facilities required complying with the Occupational Safety and Health Act (OSHA) may be excluded.
- b. If productive, a gas meter run will be constructed and located on lease within 500 feet of the wellhead. Meter runs will be housed and/or fenced.
- c. If productive, a tank battery will be constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain the storage capacity of the largest tank.
- d. Any necessary pits will be properly fenced to prevent any wildlife and livestock entry.
- e. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe useable condition.
- f. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.

5. Location and Type of Water:

- a. Water for construction and drilling has been obtained through a direct purchase agreement with a third party.

6. Source of Construction Material:

- a. If any gravel is used, it will be obtained from a State-approved gravel pit.

7. Methods of Handling Waste Disposal:

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities.
- b. Drill cuttings will be contained and buried onsite.
- c. The reserve pit will be located outboard of the location and along the north side of the pad.
- d. The reserve pit will be constructed so as not to leak, break, or allow any discharge.
- e. The reserve pit will be lined with 12-mil minimum thickness plastic nylon-reinforced liner material. The liner will overlay a felt pad only if rock is encountered during excavation. The pit liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. Pit walls will be sloped no greater than 1:1.5. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling and completion operation.
- f. The reserve pit has been located in cut material. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. After the reserve pit has dried, all areas not needed for production will be rehabilitated.
- g. Trash will be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations. The contents of the trash container will be hauled off periodically to the approved Uintah County Landfill near Vernal, Utah.
- h. Produced fluids from the well other than water will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, saltwater or other produced fluids will be cleaned up and removed.

- i. Any salts and/or chemicals, which are an integral part of the drilling system, will be disposed of in the same manner as the drilling fluid.
- j. Sanitary facilities will be onsite at all times during operations. Sewage will be placed in a portable chemical toilet and the toilet replaced periodically utilizing a licensed contractor to transport by truck the portable chemical toilet so that its contents can be delivered to the Vernal Wastewater Treatment Facility in accordance with State and County regulations.

8. Ancillary Facilities:

- a. Garbage containers and portable toilets are the only ancillary facilities proposed in this application.

9. Well Site Layout:

- a. The well will be properly identified in accordance with State regulations.
- b. Access to the well pad will be from the north northwest.
- c. The pad and road designs are consistent with State specifications.
- d. A pre-construction meeting with responsible company representative, contractors, the Utah Division of Oil, Gas and Mining, and other persons associated with the management or construction of the well site will be conducted at the project site prior to commencement of surface-disturbing activities. The pad and road will be construction-staked prior to this meeting.
- e. The pad has been staked at its maximum size; however, it will be constructed smaller if possible, depending upon rig availability. Should the layout change, this application will be amended and approved utilizing a sundry notice.
- f. All surface disturbing activities will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specification in the approved plans.
- g. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- h. The site surface will be graded to drain away from the pit to avoid pit spillage during large storm events.
- i. The stockpiled topsoil (first 6 inches or maximum available) will be stored in a windrow on the uphill side of the location to prevent any possible contamination. All topsoil will be stockpiled for reclamation in such a way as to prevent soil loss and contamination.
- j. Pits will remain fenced until site cleanup.
- k. The blowline will be located at least 100 feet from the well head.
- l. Water injection may be implemented if necessary to minimize the amount of fugitive dust.

10. Plans for Restoration of the Surface:

- a. Site reclamation for a producing well will be accomplished for portions of the site not required for the continued operation of the well.
- b. The Operator will control noxious weeds along access road use authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the Utah Division of Oil, Gas and Mining or the appropriate County Extension Office.
- c. Upon well completion, any hydrocarbons in the pit shall be removed. Once the reserve pit is dry, the plastic nylon-reinforced liner shall be torn and perforated before backfilling of the reserve pit. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours.
- d. The cut and fill slopes and all other disturbed areas not needed for the production operation will be topsoiled and re-vegetated. The stockpiled topsoil will be evenly distributed over the disturbed area.
- e. Prior to reseeding the site, all disturbed areas, including the access road, will be scarified and left with a rough surface. The site will then be seeded and/or planted as prescribed by the landowner.

11. Surface and Mineral Ownership:

- a. Surface Ownership:
Pelican Lake Farms, LLC, P.O. Box 833, Meeker, Colorado 81641, (970) 878-3420
- b. Mineral Ownership:
Mike Kelly, P.O. Box 219, Glendale, Oregon 97442
Gary Kelly, 256 Cordelia Street, Myrtle Creek, Oregon 97457
James Harvey Jordan, P.O. Box 983, Albany, Oregon 97321
Mary Edna Jordan, P.O. Box 810, Poplarville, MS 39470
Martha Jordan Boright, P.O. Box 7377, Bonnie Lake, Washington 98390
Norma E. Stroud, 504 Orange Street, Arlington, Texas 76012
Jan Rhodes, 2037 Shasta Street, Mojave, California 93501
Wendy Sue Pack, P.O. Box 1068, Bluefield, Virginia 24605
Marabeth Harner, 97 Towne Square Drive, Newport, Virginia 23607
Nyleen McSorley, 1537 Marble Court, Chula Vista, California 91911

12. Other Information:

- a. A fee surface damage agreement with Pelican Lake Farms, LLC is attached.

13. Operator's Representative and Certification:

I hereby certify that I, or person under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated with operations herein will be performed by (construction contractor has not been determined), and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Name and Title



Anna Ilhan
Operations Engineer

STATE OF COLORADO

COUNTY OF DENVER

Subscribed and sworn to before me this 24th day of September, 2010.

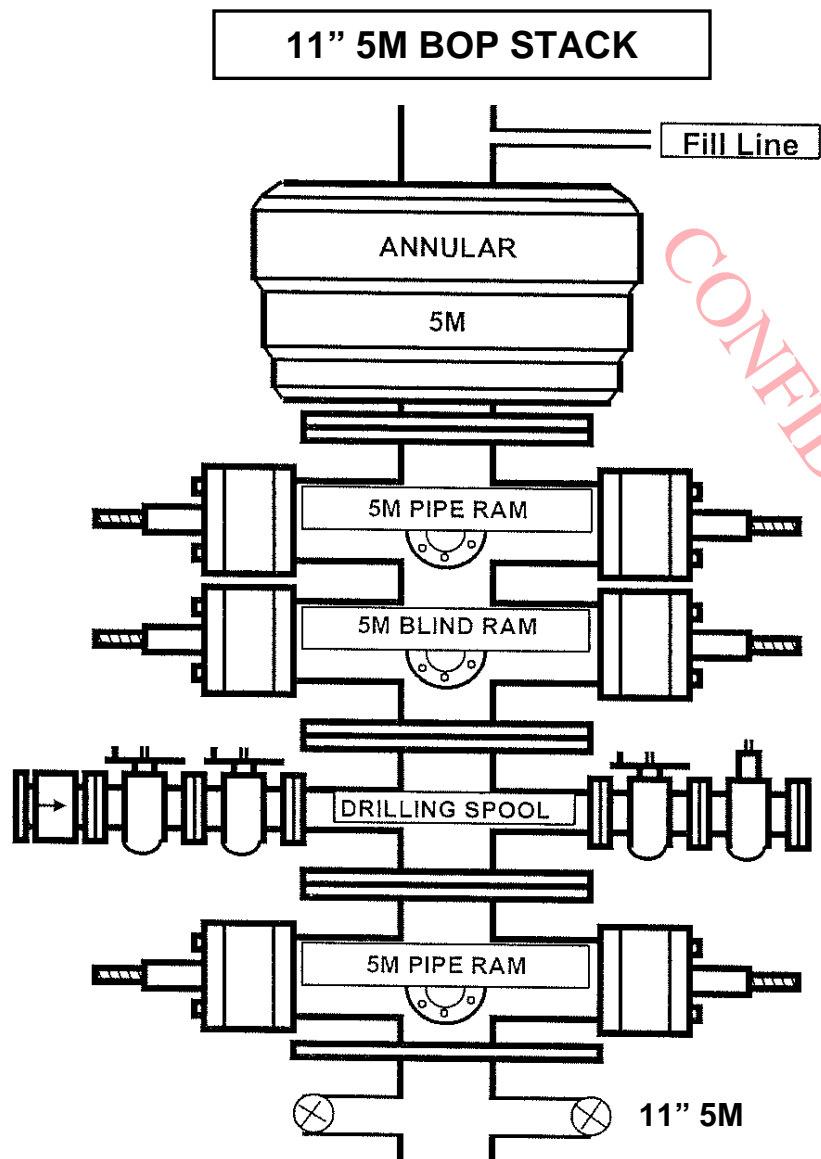
My commission Expires:

9/25/2011

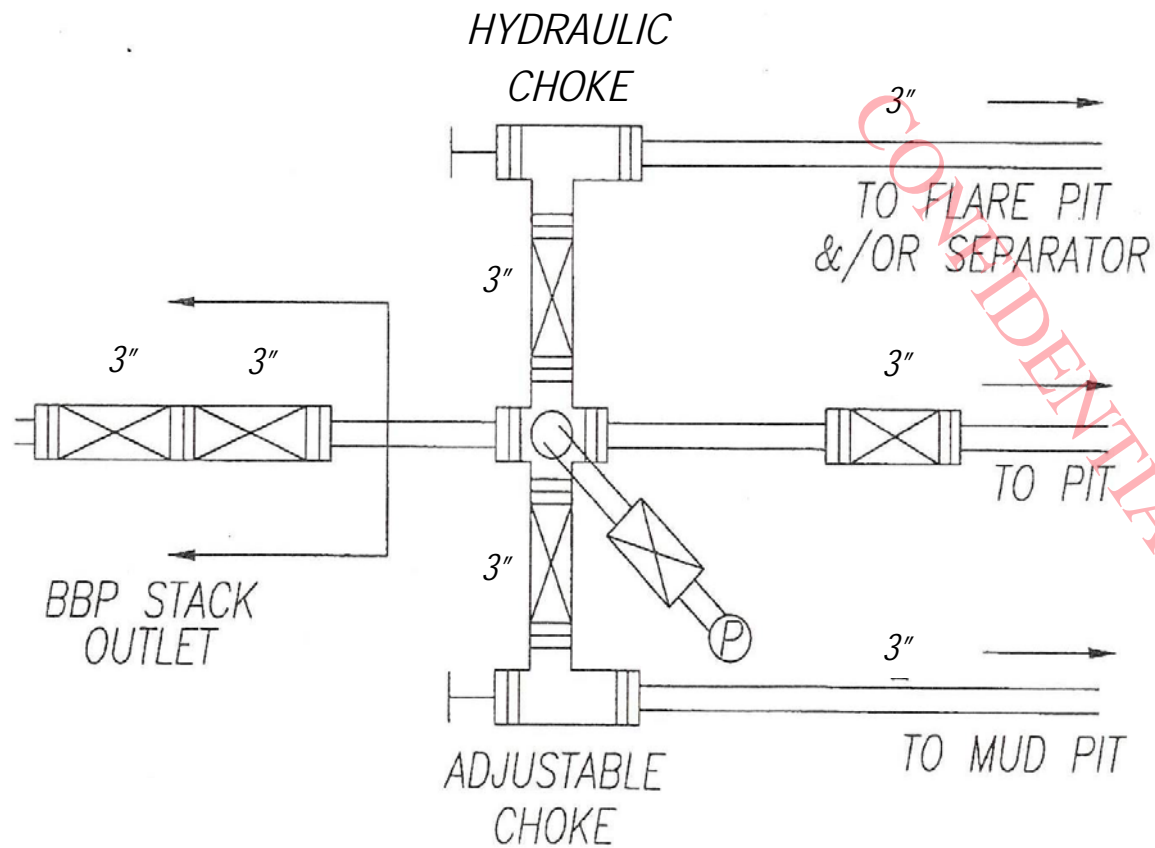


Notary Public

TYPICAL BLOWOUT PREVENTER ROTARY



CHOKE MANIFOLD



September 28, 2010

Ms. Diana Mason
State of Utah
Division of Oil, Gas & Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

RE: Directional Drilling R649-3-11
Pelican Lake 16-12-7-20
Section 16, T7S - R20E, Uintah County, Utah
Surface Location: 1204' FNL, 2220' FWL
Bottomhole Location: 660' FNL, 1980' FWL

Dear Ms. Mason,

Pursuant to the filing of Elk Resources' Application for Permit to Drill regarding the above referenced well on September 27, 2010, we are hereby submitting this letter in accordance with Oil & Gas Conservation Rule R649-3-11 pertaining to the Exception to Location and Siting of Wells.

- Elk Resources Pelican Lake 16-12-7-20 well is located within the existing Aurora (Deep) Unit Area.
- Elk Resources is permitting this well as a directional well in order to minimize surface disturbance. Locating the well at the proposed surface location and directionally drilling from this location, Elk Resources will be able to minimize the affect on the surface owner's farming activities.
- Furthermore, Elk Resources hereby certifies that the working interest owners for this well, Elk Resources, EnCana Oil & Gas, and Forest Oil Corporation, are the sole working interest owners within a 460 foot radius of the entire directional wellbore. All three partners have consented to this well being drilled directionally.

Therefore, based on the above stated information, Elk Resources requests the permit be granted pursuant to R649-3-11.

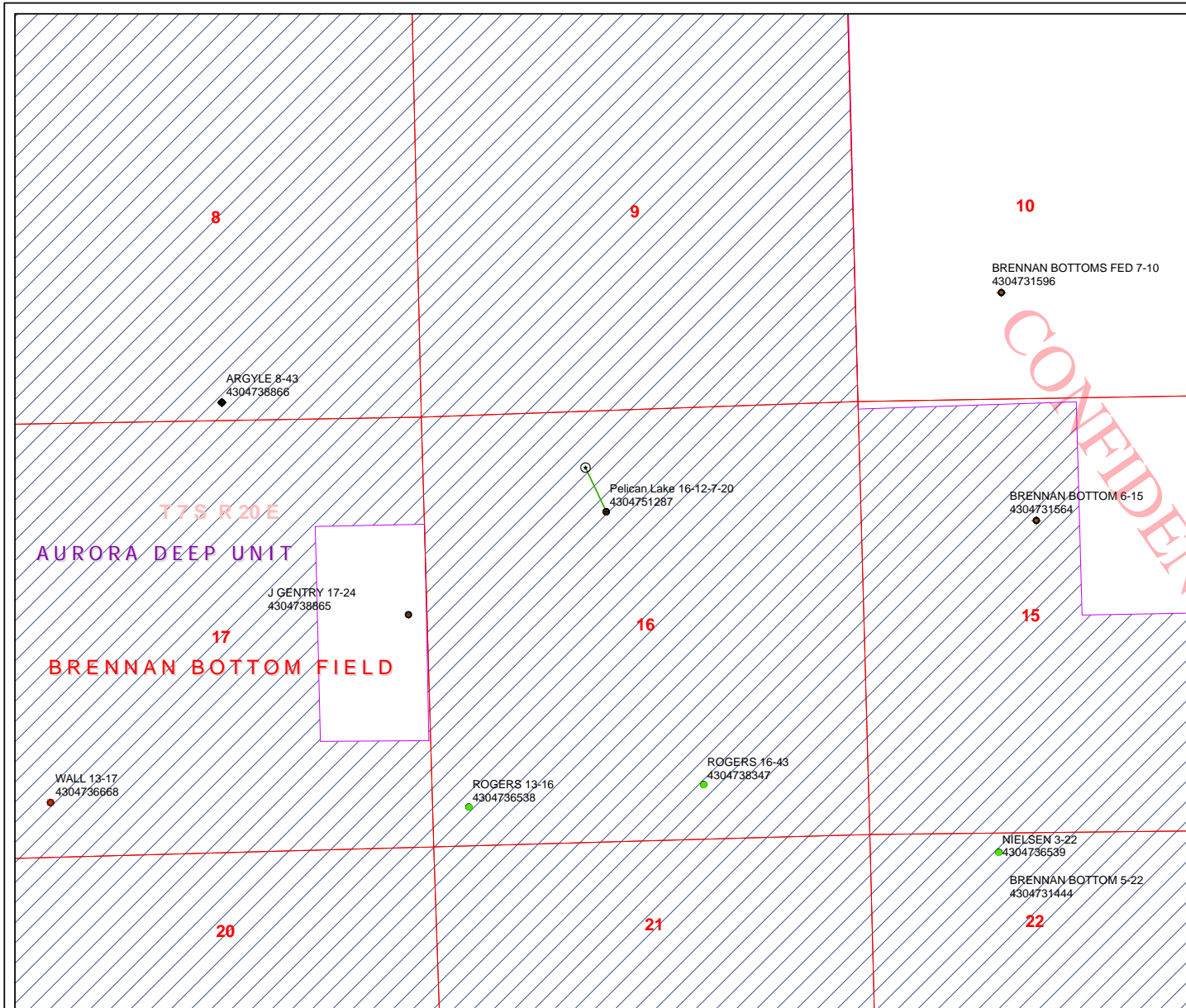
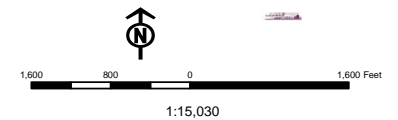
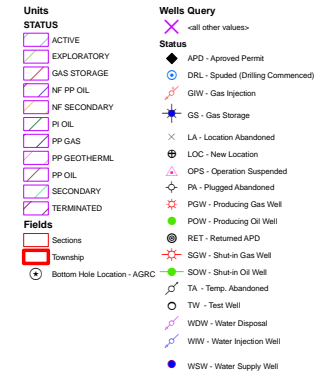
Thank you,



Merrell Olsen
Engineer I
molsen@delekenergyus.com
303-339-1919

API Number: 4304751287
Well Name: Pelican Lake 16-12-7-20
Township 07.0 S Range 20.0 E Section 16
Meridian: SLBM
 Operator: ELK RESOURCES LLC

Map Prepared:
 Map Produced by Diana Mason



Well Name	ELK RESOURCES, LLC Pelican Lake 16-12-7-20 43047512870000			
String	Cond	Surf	Prod	
Casing Size(")	13.375	9.625	5.500	
Setting Depth (TVD)	75	1800	8521	
Previous Shoe Setting Depth (TVD)	0	75	1800	
Max Mud Weight (ppg)	8.3	8.8	9.5	
BOPE Proposed (psi)	0	5000	5000	
Casing Internal Yield (psi)	1725	3520	7740	
Operators Max Anticipated Pressure (psi)	4250		9.6	

Calculations	Cond String	13.375	"
Max BHP (psi)	.052*Setting Depth*MW=	32	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	23	NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	16	NO OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	16	NO OK
Required Casing/BOPE Test Pressure=		75	psi
*Max Pressure Allowed @ Previous Casing Shoe=		0	psi *Assumes 1psi/ft frac gradient

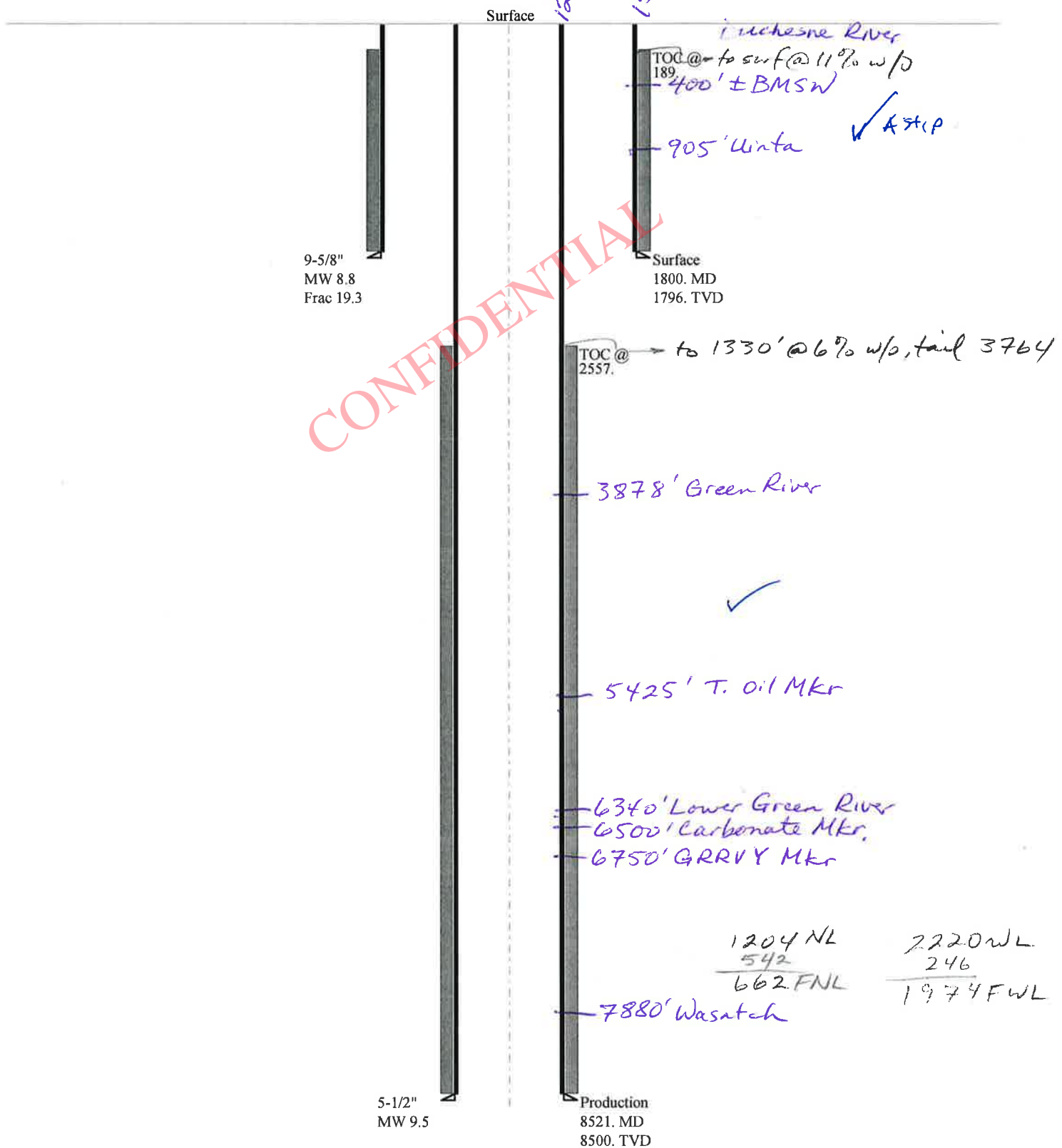
Calculations	Surf String	9.625	"
Max BHP (psi)	.052*Setting Depth*MW=	824	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	608	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	428	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	445	NO Reasonable depth, no expected pressures
Required Casing/BOPE Test Pressure=		1800	psi
*Max Pressure Allowed @ Previous Casing Shoe=		75	psi *Assumes 1psi/ft frac gradient

Calculations	Prod String	5.500	"
Max BHP (psi)	.052*Setting Depth*MW=	4209	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	3186	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	2334	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	2730	NO Reasonable
Required Casing/BOPE Test Pressure=		5000	psi
*Max Pressure Allowed @ Previous Casing Shoe=		1800	psi *Assumes 1psi/ft frac gradient

Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

43047512870000 Pelican Lake 16-12-7-20

Casing Schematic



Well name:	43047512870000 Pelican Lake 16-12-7-20	
Operator:	ELK RESOURCES, LLC	
String type:	Surface	Project ID: 43-047-51287
Location:	UINTAH COUNTY	

Design parameters:**Collapse**

Mud weight: 8.800 ppg
Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 99 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,000 ft

Cement top: 189 ft

Burst

Max anticipated surface pressure: 1,580 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,796 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Tension is based on air weight.
Neutral point: 1,566 ft

Directional Info - Build & Hold

Kick-off point 100 ft
Departure at shoe: 114 ft
Maximum dogleg: 2 °/100ft
Inclination at shoe: 4.1 °

Re subsequent strings:

Next setting depth: 8,500 ft
Next mud weight: 9.500 ppg
Next setting BHP: 4,195 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 1,796 ft
Injection pressure: 1,796 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	1800	9.625	36.00	J-55	LT&C	1796	1800	8.796	14719
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	821	2020	2.460	1796	3520	1.96	64.7	453	7.01 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Mining

Phone: 801 538-5357
FAX: 801-359-3940

Date: November 16, 2010
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 1796 ft, a mud weight of 8.8 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

Well name:	43047512870000 Pelican Lake 16-12-7-20		
Operator:	ELK RESOURCES, LLC		
String type:	Production	Project ID:	43-047-51287
Location:	UINTAH COUNTY		

Design parameters:**Collapse**

Mud weight: 9.500 ppg
Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 193 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,000 ft

Cement top: 2,557 ft

Burst

Max anticipated surface pressure: 2,325 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 4,195 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Directional Info - Build & Hold

Kick-off point 100 ft
Departure at shoe: 595 ft
Maximum dogleg: 2 °/100ft
Inclination at shoe: 4.1 °

Tension is based on air weight.
Neutral point: 7,293 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	8521	5.5	17.00	N-80	LT&C	8500	8521	4.767	48028
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	4195	6290	1.500	4195	7740	1.85	144.5	348	2.41 J

Prepared Helen Sadik-Macdonald
by: Div of Oil, Gas & Mining

Phone: 801 538-5357
FAX: 801-359-3940

Date: November 16, 2010
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 8500 ft, a mud weight of 9.5 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

ON-SITE PREDRILL EVALUATION**Utah Division of Oil, Gas and Mining**

Operator ELK RESOURCES LLC
Well Name Pelican Lake 16-12-7-20
API Number 43047512870000 **APD No** 3021 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 NENW **Sec** 16 **Tw** 7.0S **Rng** 20.0E 1204 FNL 2220 FWL
GPS Coord (UTM) 612710 4452222 **Surface Owner** Pelican Lake Farms, LLC

Participants

See Comments

Regional/Local Setting & Topography

The general location is in the north end of Ouray Park and north of Pelican Lake. The general area is characterized by a long valley extending from the hills which form an elevated bench to the north, south to the Green River. Much of the area is used for agricultural lands irrigated with sprinkler systems. Vernal, Utah is approximately 20 air miles and 21.4 road miles to the northeast. Access is by State of Utah Highways. Approximately 0.1 mile of new road across private land will be constructed.

The proposed location for the Pelican Lake 16-12-7-20 oil well is on private land located immediately south of the paved highway. The highway is straight for a short distance which has been used to locate a potentially dangerous approach or departure to the well site. A wide approach off the south side of the highway is planned. The pad will be located in the northeast end of an alfalfa field which is irrigated by a wheel-line system. The terrain is a moderately gentle slope and leads away from the elevated hills to the north then extend southerly into more gentle flats. A gentle swale intersects through the east part of the site. It will be filled. No diversions around the pad are needed. The surface soils are a sandy silty loam. Elk will add road base to the access road and location as needed to harden the surface and reduce the dust. Maximum cut is 10.1 feet at Pit Corner A and maximum fill is 9.2 feet at Location Corner 9. This corner has been rounded to reduce the fill required. A fence borders the site on the north below the highway fence and forms a lane for cattle to access a water trough. This watering facility will be relocated. No springs, streams or open water is in the immediate area. Also a fence intersects the southeast portion of the pad. It will be relocated. Pelican Lake is about $\frac{3}{4}$ mile to the south. Mr. Bryce Perkey, surface owner and owner of the Pelican Lake Ranches was present. He stated that he is not in favor of the well but felt that Elk has done the best they could and is in agreement to the location they have proposed and the other items contained in the signed Surface Use Agreement. The minerals are also private, owned by another party. The well location is outside the normal drilling window. It will be directionally drilled with the bottom hole location to the north under a steep hillside.

Surface Use Plan**Current Surface Use**

Grazing
 Agricultural
 Wildlife Habitat
 Residential

New Road Miles

0.1

Well Pad**Width** 355 **Length** 400**Src Const Material**

Onsite

Surface Formation

UNTA

Ancillary Facilities N**Waste Management Plan Adequate?**

Environmental Parameters**Affected Floodplains and/or Wetlands** N**Flora / Fauna**

Livestock occasionally graze the area during the non-crop season. Prairie dogs are common; coyotes, small mammals and birds may be present.
Most of the site is occupied by alfalfa.

Soil Type and Characteristics

Deep sandy silty loam

Erosion Issues N**Sedimentation Issues** N**Site Stability Issues** N**Drainage Diversion Required?** N**Berm Required?** Y**Erosion Sedimentation Control Required?** N**Paleo Survey Run?** N **Paleo Potential Observed?** N **Cultural Survey Run?** N **Cultural Resources?****Reserve Pit****Site-Specific Factors****Site Ranking**

Distance to Groundwater (feet)	25 to 75	15
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)		0
Affected Populations		
Presence Nearby Utility Conduits	Not Present	0
Final Score	30	1 Sensitivity Level

Characteristics / Requirements

A 100' x 225' x 10' deep reserve pit will be constructed within a cut on the north west side of the location. It will be lined with a 16-mil liner. Because of the nature of the soils a felt sub- liner may not be needed.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 16 **Pit Underlayment Required?** Y**Other Observations / Comments**

Floyd Bartlett (DOGM), Bryce Perkey (Pelican Lake Ranches-Surface Owner), Craig Parker (Elk Resources, LLC), Terra Miller and Jenifer Hall (Land Pro.), Marsha Perry (Uintah County Planning and Zoning), Billy McClure (LaRose Construction) and Gary Robinson (Robinson Construction).

Floyd Bartlett
Evaluator

10/14/2010
Date / Time

CONFIDENTIAL

Application for Permit to Drill

Statement of Basis

11/23/2010

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
3021	43047512870000	LOCKED	OW	P	No
Operator	ELK RESOURCES LLC		Surface Owner-APD	Pelican Lake Farms, LLC	
Well Name	Pelican Lake 16-12-7-20		Unit	AURORA (DEEP)	
Field	UNDESIGNATED		Type of Work	DRILL	
Location	NENW 16 7S 20E S 1204 FNL 2220 FWL	GPS Coord (UTM)	612712E	4452215N	

Geologic Statement of Basis

Elk proposes to set 1,800 feet of surface pipe, cemented to surface. The depth to the base of the moderately saline water at this location is estimated to be at approximately 400 feet. A search of Division of Water Rights records shows 9 water wells within a 10,000 foot radius of the proposed location. The nearest well is more than 1/2 mile from the proposed location with a depth of 47 feet. Wells in the area are listed for domestic use, irrigation, oil field use and stock watering. Depths of the wells ranges from 16 to 300 feet. Listed wells probably produce from alluvial sediments and the Uinta Formation. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. Wells in the alluvial sediments are probably a more significant source of ground water. The proposed casing and cement should adequately protect any useable ground water.

Brad Hill
APD Evaluator

11/1/2010
Date / Time

Surface Statement of Basis

The general location is in the north end of Ouray Park and north of Pelican Lake. The general area is characterized by a long valley extending from the hills which form an elevated bench to the north, south to the Green River. Much of the area is used for agricultural lands irrigated with sprinkler systems. Vernal, Utah is approximately 20 air miles and 21.4 road miles to the northeast. Access is by State of Utah Highways. Approximately 0.1 mile of new road across private land will be constructed.

The proposed location for the Pelican Lake 16-12-7-20 oil well is on private land located immediately south of the paved highway. The highway is straight for a short distance which has been used to locate a potentially dangerous approach or departure to the well site. A wide approach off the south side of the highway is planned. The pad will be located in the northeast end of an alfalfa field which is irrigated by a wheel-line system. The terrain is a moderately gentle slope and leads away from the elevated hills to the north then extend southerly into more gentle flats. A gentle swale intersects through the east part of the site. It will be filled. No diversions around the pad are needed. The surface soils are a sandy silty loam. Elk will add road base to the access road and location as needed to harden the surface and reduce the dust. Maximum cut is 10.1 feet at Pit Corner A and maximum fill is 9.2 feet at Location Corner 9. This corner has been rounded to reduce the fill required. A fence borders the site on the north below the highway fence and forms a lane for cattle to access a water trough. This watering facility will be relocated. No springs, streams or open water is in the immediate area. Also a fence intersects the southeast portion of the pad. It will be relocated. Pelican Lake is about 3/4 mile to the south. Mr. Bryce Perkey, surface owner and owner of the Pelican Lake Ranches was present. He stated that he is not in favor of the well but felt that Elk has done the best they could and is in agreement to the location they have proposed and the other items contained in the signed Surface Use Agreement. The minerals are also private, owned by another party. The well location is outside the normal drilling window. It will be directionally drilled with the bottom hole location to the north under a steep hillside.

Uintah County has recently passed an extraction and excavation ordinance responding to concerns received

Application for Permit to Drill Statement of Basis

11/23/2010

Utah Division of Oil, Gas and MiningPage 2

from a few citizens regarding disturbances related to oil wells, related facilities and gravel borrow sites. Among other items, this ordinance prohibits well pads within 1,000 feet of residences. Facilities can not materially interfere with the irrigation of crop lands and operational dust must be controlled. Marsha Perry from the Planning and Zoning office was present. She explained important requirements of the ordinances to those present. A dwelling used as a part time residence for Leon and Rose Hill is located north of the highway about 800 feet from the site. Elk Resources is required to submit an application to the Planning and Zoning Commission to be reviewed by the Board. The next meeting of the Board is not until Nov 16.

Floyd Bartlett
Onsite Evaluator

10/14/2010
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils with a felt subliner as needed, shall be properly installed and maintained in the reserve pit.
Surface	The well site shall be bermed to prevent fluids from leaving the pad.
Surface	The reserve pit shall be fenced upon completion of drilling operations.

WORKSHEET

APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 9/27/2010

API NO. ASSIGNED: 43047512870000

WELL NAME: Pelican Lake 16-12-7-20

OPERATOR: ELK RESOURCES, LLC (N3480)

PHONE NUMBER: 303 339-1919

CONTACT: Merrell Olsen

PROPOSED LOCATION: NENW 16 070S 200E

Permit Tech Review: ☒

SURFACE: 1204 FNL 2220 FWL

Engineering Review: ☒

BOTTOM: 0660 FNL 1980 FWL

Geology Review: ☒

COUNTY: UINTAH

LATITUDE: 40.21467

LONGITUDE: -109.67546

UTM SURF EASTINGS: 612712.00

NORTHINGS: 4452215.00

FIELD NAME: UNDESIGNATED

LEASE TYPE: 4 - Fee

LEASE NUMBER: Patent

PROPOSED PRODUCING FORMATION(S): WASATCH

SURFACE OWNER: 4 - Fee

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- ☒ PLAT
- ☒ Bond: STATE/FEE - B000969
- ☐ Potash
- ☐ Oil Shale 190-5
- ☐ Oil Shale 190-3
- ☐ Oil Shale 190-13
- ☒ Water Permit: MUNICIPAL
- ☐ RDCC Review:
- ☒ Fee Surface Agreement
- ☒ Intent to Commingle

Commingle Approved

LOCATION AND SITING:

- ☐ R649-2-3.
- Unit: AURORA (DEEP)
- ☐ R649-3-2. General
- ☐ R649-3-3. Exception
- ☒ Drilling Unit
- Board Cause No: R649-3-11
- Effective Date:
- Siting:
- ☒ R649-3-11. Directional Drill

Comments: Presite Completed
APD IS IN UPOD:

Stipulations: 5 - Statement of Basis - bhill
14 - Commingle Temporary Denial - ddoucet
15 - Directional - dmason
23 - Spacing - dmason
25 - Surface Casing - hmadonald



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Permit To Drill

Well Name: Pelican Lake 16-12-7-20
API Well Number: 43047512870000
Lease Number: Patent
Surface Owner: FEE (PRIVATE)
Approval Date: 11/23/2010

Issued to:

ELK RESOURCES, LLC, 1401 17th Street, Suite 700, Denver, CO 80202

Authority:

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-11. The expected producing formation or pool is the WASATCH Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

General:

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

Conditions of Approval:

In accordance with Utah Admin. R. 649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

Surface casing shall be cemented to the surface.

Downhole commingling between formations cannot occur until the provisions of Rule R649-3-22, Completion Into Two or More Pools, have been met.

Additional Approvals:

The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan – contact Dustin Doucet
- Significant plug back of the well – contact Dustin Doucet
- Plug and abandonment of the well – contact Dustin Doucet

Notification Requirements:

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well – contact Carol Daniels
- OR
- submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <https://oilgas.ogm.utah.gov>
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program – contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well – contact Dan Jarvis

Contact Information:

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voicemail message if the person is not available to take the call):

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office
801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office
801-231-8956 - after office hours

Reporting Requirements:

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

Approved By:

API Well No: 43047512870000

Approved by:

A handwritten signature in black ink, appearing to read "J. Rogers", written in a cursive style.

For John Rogers
Associate Director, Oil & Gas

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET (for state use only)

ROUTING

1. DJJ

2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

1/1/2011

FROM: (Old Operator):

N3480-Elk Resources LLC.

1401 17th Street, Suite 700

Denver, CO 80202

Phone: 1 (303) 296-4505

TO: (New Operator):

N2165-Bill Barrett Corporation

1099 18th St, Suite 2300

Denver, CO 80202

Phone: 1 (303) 312-8134

CA No.			Unit:		AURORA (DEEP)			
WELL NAME	SEC TWN RNG			API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST - 9 WELLS								

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 7/11/2011
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 7/11/2011
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 7/14/2011
- Is the new operator registered in the State of Utah: Business Number: 5239043-0143
- (R649-9-2) Waste Management Plan has been received on: IN PLACE
- Inspections of LA PA state/fee well sites complete on: n/a
- Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA n/a
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: not yet
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 7/14/2011
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 7/14/2011
- Bond information entered in RBDMS on: 7/14/2011
- Fee/State wells attached to bond in RBDMS on: 7/14/2011
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 7/14/2011

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: WYB000040
- Indian well(s) covered by Bond Number:
- (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number LPM4138148
- The **FORMER** operator has requested a release of liability from their bond on: not yet

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 7/14/2011

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: Elk Resources, LLC <i>N3480</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 1401 17th Street, Suite 700 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: Aurora (Deep) Unit
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ 7S 20E S		8. WELL NAME and NUMBER: 9. API NUMBER: 10. FIELD AND POOL, OR WILDCAT:
		COUNTY: Uintah STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input checked="" type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input type="checkbox"/> OTHER: _____
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please see the attached "Transfer of APD" forms and list of wells that are included in this change of operator.
Effective Jan 1, 2011

Previous Operator:
Elk Resources, LLC
1401 17th Street, Suite 700
Denver, Colorado 80202
303-296-4505
Utah DOGM Bond # B000969
BLM Bond # B000971

New Operator: *N2165*
Bill Barrett Corporation
1099 18th Street, Suite 2300
Denver, Colorado 80202
303-293-9100
Utah DOGM Bond # WYB 000040
BLM Bond # LPM 4138148

Bill Barrett Corp. Representative:
NAME (PLEASE PRINT) Huntington T Walker TITLE Sr. VP - Land.
SIGNATURE [Signature] DATE 6/8/11

NAME (PLEASE PRINT) John Whisler TITLE CEO
SIGNATURE [Signature] DATE 6/8/11

(This space for State use only)

APPROVED 7/11/2011
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED

JUL 11 2011

DIV. OF OIL, GAS & MINING

ELK RESOURCES, LLC (N3480) to BILL BARRETT CORPORATION (N2165)
effective January 1, 2011

well name	sec	twp	rng	api	entity	Lease	well	stat	conf	unit	lease no	zone
ROGERS 13-16	16	070S	200E	4304736538	14989	Fee	OW	P		AURORA (DEEP)	FEE	GR-WS
NIELSEN 3-22	22	070S	200E	4304736539	14806	Fee	OW	P		AURORA (DEEP)	FEE	GRRV
WALL 13-17	17	070S	200E	4304736668	15363	Federal	GW	P		AURORA (DEEP)	UTU-75092	BLKHK
ROGERS 16-43	16	070S	200E	4304738347	16977	Fee	OW	P		AURORA (DEEP)	FEE	GR-WS
AURORA FED 5-32	05	070S	200E	4304738463	17120	Federal	OW	P		AURORA (DEEP)	UTU-75241	GR-WS
AURORA FED 26-33	26	070S	200E	4304738468	17226	Federal	OW	P		AURORA (DEEP)	UTU-80689	GRRV
FOUR STAR 7-32-7-20	07	070S	200E	4304751285	17881	Fee	OW	P	C	AURORA (DEEP)	Patent	WSTC
PELICAN LAKE 16-12-7-20	16	070S	200E	4304751287		Fee	OW	APD	C	AURORA (DEEP)	Patent	
ARGYLE 8-43	08	070S	200E	4304751509		Fee	OW	APD	C	AURORA (DEEP)	Fee	

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	Pelican Lake 16-12-7-20
API number:	43047512870000
Location:	Qtr-Qtr: NENW Section: 16 Township: 7S Range: 20E
Company that filed original application:	Elk Production, LLC
Date original permit was issued:	11/23/2010
Company that permit was issued to:	Elk Production, LLC

Check one	Desired Action:
<input type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	Transfer approved Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		<input checked="" type="checkbox"/>
<input type="checkbox"/> If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?		<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>LPM 4138148</u>	<input checked="" type="checkbox"/>	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Tracey Fallang Title Regulatory Manager
Signature Tracey Fallang Date 7/12/11
Representing (company name) Bill Barrett Corporation

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

RECEIVED

JUL 12 2011

DIV. OF OIL, GAS & MINING

From: Venessa Langmacher <vlangmacher@billbarrettcorp.com>
To: "Coulthard, Michael L" <mcoultha@blm.gov>
CC: Diana Mason <dianawhitney@utah.gov>, "Hansen, Robin L" <robinhansen@blm....>
Date: 10/31/2011 8:03 AM
Subject: RE: New APD for BILL BARRETT CORP 43-047-52129 Aurora 3-16D-7-20

The recently submitted Aurora 3-16D-7-20 replaces the previously approved Pelican Lake 16-12-7-20. We are requesting that the Pelican Lake 16-12-7-20 APD be rescinded.

Thanks,

Venessa Langmacher
Senior Permit Analyst

BILL BARRETT CORPORATION
1099 18th Street | Suite 2300
Denver, CO 80202
D 303.312.8172 | F 303.291.0420
vlangmacher@billbarrettcorp.com
www.billbarrettcorp.com

-----Original Message-----

From: Coulthard, Michael L [mailto:mcoultha@blm.gov]
Sent: Friday, October 28, 2011 12:49 PM
To: Venessa Langmacher
Cc: Diana Mason; Hansen, Robin L; Lee, Michael
Subject: New APD for BILL BARRETT CORP 43-047-52129 Aurora 3-16D-7-20

Hi Venessa,

I just left you a voice mail about this well. You currently already have a well permitted with a bottom hole location very close to this one.

It is the:

43-047-51287 BILL BARRETT CORP PELICAN LAKE 16-12-7-20 Approved permit (APD); not yet
spudded
Oil Well UINTAH NENW 16 7S-20E 1204 N 2220 W Directional

I just wanted to confirm that it is BBC's intent to have this APD rescinded.

Thank you,

Mickey

Michael L. Coulthard
Petroleum Engineer
Bureau of Land Management
Phone (801) 539-4042
Fax (801) 539-4261

-----Original Message-----

From: Diana Mason [mailto:DIANAWHITNEY@utah.gov]

Sent: Friday, October 28, 2011 10:27 AM
To: Coulthard, Michael L
Cc: Lee, Michael; Hansen, Robin L
Subject: RE: New APD for BILL BARRETT CORP UNIT: AURORA (DEEP)

Hi Mickey,

I haven't heard anything about Bill Barrett wanting this APD to be rescinded.

Thank you,
Diana

>>> "Coulthard, Michael L" <mcoultha@blm.gov> 10/28/2011 9:42 AM >>>
Hi Diana,

Is BBC requesting to have the following APD rescinded?

43-047-51287 BILL BARRETT CORP PELICAN LAKE 16-12-7-20 Approved permit (APD); not yet
spudded
Oil Well UINTAH NENW 16 7S-20E 1204 N 2220 W Directional

Thank you,

Mickey

Michael L. Coulthard
Petroleum Engineer
Bureau of Land Management
Phone (801) 539-4042
Fax (801) 539-4261

-----Original Message-----
From: dianawhitney@utah.gov [mailto:dianawhitney@utah.gov]
Sent: Wednesday, October 26, 2011 3:36 PM
To: Coulthard, Michael L
Cc: dianawhitney@utah.gov
Subject: New APD for BILL BARRETT CORP UNIT: AURORA (DEEP)

This message was sent by an automatic mailer:

=====

(Proposed PZ GREEN RIVER-WASATCH)

43-047-52129 Aurora 3-16D-7-20
Surface: Sec. 16 T. 7S R. 20E 1585 FNL 2573 FWL
Bottom: Sec. 16 T. 7S R. 20E 991 FNL 2204 FWL

Link (PDF): <http://oilgas.ogm.utah.gov/apd/attachments/4826/complete.pdf>

Thank you,
Diana



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 23, 2011

Bill Barrett Corporation
1099 18th Street, Ste. 2300
Denver, CO 80202

Re: APD Rescinded – Pelican Lake 16-12-7-20, Sec. 16 T. 7S, R. 20E
Uintah County, Utah API No. 43-047-51287

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on November 23, 2010. On October 31, 2011, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 31, 2011.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

A handwritten signature in black ink, appearing to read "Diana Mason", is written over a faint, larger signature.

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

